

Message Text

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TAGS: ECIN, BENC, ECRE, NI

SUBJECT: NIGERIAN JOINT VENTURE CONSTRUCTION COMPANIES:
GUIDELINES FOR DISCUSSION

1. FOLLOWING IS TEXT OF FEDERAL MINISTRY OF INDUSTRY PAPER
ENTITLED QTE GUIDELINES FOR DISCUSSIONS WITH THE FOREIGN
COMPANIES UNQTE INTERESTED IN FORMING JOINT CONSTRUCTION
COMPANIES IN WHICH NIGERIAN GOVERNMENT WOULD OWN 60 PER CENT.
PROPOSAL DESCRIBED SEPTTEL.

(A) EACH COMPANY WILL BE OWNED JOINTLY BY THE FEDERAL
GOVERNMENT AND THE SELECTED OVERSEES CONSTRUCTION
COMPANY. ONLY ONE CONTRACTOR WILL BE SELECTED TO
PARTICIPATE IN THE FORMATION OF ANY ONE COMPANY.

(B) THE SHARE CAPITAL WOULD BE DETERMINED HAVING REGARD TO
THE ANTICIPATED CONTRIBUTION OF THE NON-GOVERNMENT
PARTNER.

(C) THE FEDERAL GOVERNMENT WILL OWN 60 PER CENT OF THE
SHARES AND THE OTHER PARTNER WILL OWN 40 PER CENT.

(\$) THE SELECTED CONTRACTOR, IF ALREADY BASED IN NIGERIA,
WILL ON THE FORMATION OF EACH COMPANY CEASE TO OPERATE HIS
EXISTING COMPANY IN NIGERIA.

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KE) THE SELECTED CONTRACTOR BY VIRTUE OF HIS PROVEN ABILITY IN THE CONSTRUCTION FIELD WILL BE REQUIRED TO PROVIDE THE TECHNICAL MANAGEMENT OF THE COMPANY.

(F) THAT THE FEDERAL GOVERNMENT OF NIGERIA INTENDS TO SET UP TWO OR MORE STATE CONSTRUCTION COMPANIES PARTLY OWNED BY THE GOVERNMENT.

(G) THAT THE OBJECTIVE OF (F) ABOVE IS TO INCREASE THE EXECUTIVE CAPACITY IN THE FIELD OF CIVIL ENGINEERING AND BUILDING CONSTRUCTION INDUSTRY IN NIGERIA, AND TO SPEED UP THE EXECUTION OF MAJOR PROJECTS.

(H) THAT THERE IS ENOUGH WORK IN THE CONSTRUCTION INDUSTRY FOR BOTH STATE-OWNED AND PRIVATE COMPANIES IN THE PRESENT THIRD NATIONAL DEVELOPMENT PLAN 1975/80, AND IN THE FORESEEABLE FUTURE.

(I) THAT THE STATE CONSTRUCTION COMPANY WILL HELP TO STABILISE THE EVER RISING CONTRACT PRICES, AND PROMOTE HEALTHY COMPETITION WITH THE EXISTING CONSTRUCTION COMPANIES.

(J) THAT THE GOVERNMENT WILL PATRONISE THE STATE CONSTRUCTION COMPANY BY SECURING SIZEABLE PROJECTS.

(K) THAT THE CONSTRUCTION COMPANY WILL PROVIDE AN IDEAL TRAINING GROUND FOR NIGERIAN ENGINEERS AND ARCHITECTS WHO WILL EVENTUALLY TAKE OVER THE MANAGEMENT IN THE FUTURE.

(L) THAT THE STATE CONSTRUCTION COMPANY SHOULD OPERATE EFFICIENTLY ALONG THE LINES OF A PRIVATE ORGANISATION. THE GENERAL MANAGER WILL BE A MEMBER OF THE BOARD OF DIRECTORS, AND WILL BE ENTIRELY RESPONSIBLE FOR THE DAY TO DAY RUNNING OF THE COMPANY, INCLUDING RECRUITMENT OF THE RIGHT STAFF.

(M) THAT THERE WILL BE SOME SUITABLE NIGERIAN COUNTERPARTS TO UNDER-STUDY THE MANAGEMENT, BUT THIS MUST NOT HAMPER THE SMOOTH RUNNING AND EFFICIENCY OF THE JOINT VENTURE.

(N) THAT ANY FIRM INTERESTED IN THE JOINT VENTURE SHOULD SUBMIT UNCLASSIFIED

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WRITTEN PROPOSALS INDICATING THEIR TERMS AND CONDITIONS FOR PARTICIPATION.

(O) THAT FURTHER AND DETAILED NEGOTIATIONS WILL BE HELD IN NIGERIA PRIOR TO THE CONCLUSION OF AN AGREEMENT.

(P) THAT IT IS THE GOVERNMENT'S INTENTION THAT THIS COMPANY SHOULD GET OFF THE GROUND AS SOON AS POSSIBLE, AND IT IS

HOPED THAT AN AGREEMENT CAN BE SIGNED BY OCTOBER 1976.
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